

ECONOMICS 410: ECONOMIC DEVELOPMENT

Fall 2004
MW 1:30 –2:45p

Instructor: Chung Lee (E-mail: lchung@hawaii.edu)
Office: Saunders 518 (Phone: 956-8427)
Office Hours: MW 2:45-4:00p and F 9:30-10:30a

REQUIRED TEXT: (1) *Economics of Development*, 5th Edition, by D. Perkins, S. Radelet, D. Snodgrass, M. Gillis, and M. Roemer, W.W. Norton, 2001.
(2) Occasional Handouts

SUPPLEMENTARY READING:

Leading Issues in Economics of Development, G. Meier and J. Rauch, 2000
(reserved in the Sinclair Library)

RECOMMENDED: There are a number of textbooks on economic development in the Hamilton Library, and I recommend that you consult them to broaden your understanding of various issues on economic development. Those interested in learning about economic development in Asia may want to read *The East Asian Miracle: Economic Growth and Public Policy*, Oxford University Press, 1993. Also recommended are *The Mystery of Capital* by Hernando deSoto (2000) and *The Elusive Quest for Growth* by William Easterly (2001). For more current development issues I recommend *Finance & Development*, a monthly publication by the International Monetary Fund and the World Bank.

READING ASSIGNMENTS:

Topic 1: Introduction: Economic Development v. Economic Growth

Ch. 1

Why are some countries rich and others poor? What are the factors that account for the difference? How can the study of economics help us answer these questions?

Topic 2: Theories of Economic Growth and Empirical Patterns

Ch. 2

Is Economic growth the same as economic development? How to measure economic growth? What are the theories of economic growth and how do they help us understand economic development or lack of it?

Topic 3: Economic Development and Structural Change

Ch. 3

What is the structure of an economy and what happens to it as an economy develops?

Topic 4: Development and Human Welfare: Income Distribution

Ch. 4

VIII.A and B (Meier and Rauch)

What happens to income distribution as an economy develops? Is the growth in income more or less equitably shared?

Topic 5: Is a Market Economy Better than a Socialist Economy for Economic Development?

Ch. 5

Market economies v. socialist economies

Reforms in the transition economies: a big bang v. a gradualist approach

Topic 6: Labor in Economic Development

Ch. 8

Developing human resources and utilizing them efficiently to promote economic development

Topic 7: Capital and Saving in Economic Development

Ch. 11

Importance of capital in economic growth

How to mobilize savings to increase the stock of capital

Topic 8: Financial Policy

Ch. 13

Selection III.2, 3, 4, and 5 (Meier and Rauch)

Functions of a financial system and how to improve it to promote economic development

Topic 9: Role of Foreign Capital

Ch. 14

Foreign investment and the multinational corporations

Does foreign investment benefit developing countries?

Foreign debt and the debt crisis

Topic 10: Agriculture's Role in Economic Development

Ch. 15

Patterns of land tenure and incentives

How to improve agricultural productivity

Topic 11: Export of Primary Commodities

Ch.16

Theory of comparative advantage

Can primary exports be an engine of growth?

Declining terms of trade and barriers to primary exports

Agricultural policies in the U.S. and the EU as a barrier to primary exports

Topic 12: Industry as a Leading Sector

Ch.17

Is industry a leading sector, an engine of growth?

Experience of the Asian NIEs

Topic 13: Does Trade Promote Economic Development?

Ch. 18

Selection IV.A.4, 5, 6, and 7 (Meier and Rauch)

Which is better for economic development—an outward-oriented development policy or an import-substitution policy?

COURSE REQUIREMENTS:

1. One mid-term examination (30 percent of the course grade): Date to be announced
2. A 10-page, double-spaced, term paper (20 percent of the course grade) (Time permitting, classroom presentation will be required.)
3. Final Examination (50 percent of the course grade) on Monday, December 13, 2004 (2:15- 4:15 p.m.).
4. Class attendance is mandatory.

Note: If you feel that you need reasonable accommodations because of the impact of a disability, please contact the KOKUA program at 956-7511 or speak with me privately to discuss your specific needs.